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Illinois American Water requests 34.7 percent rate increase

By Mike Monson

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SPRINGFIELD – Illinois American Water filed Friday afternoon for a 34.7 percent water rate increase for customers in its Champaign district.

Champaign officials vowed Friday to work to reduce the size of the proposed increase, which comes on top of a 47.2 percent increase that was approved by the Illinois Commerce Commission last July.

"We'll be intervening on behalf of the city and our residents," said Champaign City Manager Steve Carter. "Thirty-four percent on top of a 47 percent increase seems out of line, given the state of the economy and the increase they had before. We know there's a new plant, but that seems like more than they can justify."

Carter said the city council has budgeted \$70,000 in fiscal 2010, which starts July 1, toward the costs of intervention in the rate case. The city will again attempt to get other local municipalities, such as Urbana and Savoy, to help defray the costs of intervention, he said.

Champaign Mayor Jerry Schweighart said he actually expected a bigger increase request. He said the city will work "to reduce that some."

Urbana Mayor Laurel Prussing could not be reached for comment Friday afternoon.

The Citizens Utility Board, which frequently intervenes in such cases in behalf of the consumer, will likely intervene in the case as well, though "we need to look at the rate proposal first," said Jim Chilsen, a Citizens Utility Board spokesman.

"We'll review this rate hike proposal and consider the best way to fight it," Chilsen said. "How much can consumers take? It certainly seems outrageous in light of last year's increase and in light of the struggling economy."

Illinois American Water external affairs manager Kathryn Foster said the rate increase would probably not take effect until the spring of 2010. For a customer using 5,250 gallons of water per month, the monthly bill would increase \$10.74, to \$41.67 per month. That total does not include fire protection charges, municipal taxes and franchise fees, which vary from community to community.

The proposed increase would generate an additional \$37.6 million in income for the company. Foster said the additional income is needed to pay \$15 million toward the \$50 million cost of a new water treatment plant installed west of Champaign.

The increased income would also be used to spend \$3.3 million installing 35,000 lineal feet in new water pipelines, which will connect the new water plant to the rest of the company's distribution system, Foster said.

The company also plans to use \$3 million to upgrade its Mattis Avenue water treatment plant to meet new Illinois Environmental Protection Agency standards, she said.

Foster said Illinois American Water filed for water rate increases throughout the state Friday, to help pay for \$184 million in planned investment in the company's water systems.

The company is also requesting to go to a monthly, instead of a bimonthly, billing system, which Foster said many customers have requested.

The rate increase request is likely to take almost a year to complete, according to Beth Bosch, an Illinois Commerce Commission spokeswoman. She said commerce commission staff will likely request in early July that the proposed rates be suspended pending review, which would trigger an 11-month rate review process.

Illinois American Water is a wholly owned subsidiary of American Water, a Voorhees, N.J., firm that is the largest investor-owned water company in the United States. Illinois American Water serves 1.2 million state residents.

The Champaign district includes Champaign, Urbana, Savoy, St. Joseph, Sidney, Philo, Bondville and some unincorporated

areas.

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